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BOSTON REDEVELOPMENT AUTHORITY

COMBINED FINANCIAL STATEMENTS
for the year ended June 30, 1986

Coopers
& Lybrand

Certified Public Accountants

Coopers & Lybrand

BOSTON REDEVELOPMENT AUTHORITY
COMBINED FINANCIAL STATEMENTS
for the year ended June 30, 1986

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Coopers & Lybrand

Boston, Massachusetts
November 25, 1986

To the Board of Directors
Boston Redevelopment Authority:

We have examined the combined balance sheet of the Boston Redevelopment Authority as of June 30, 1986 and the related combined statements of revenues, expenditures, transfers and changes in fund balances and statement of changes in assets and liabilities of agency funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Boston Redevelopment Authority has not maintained records of the costs of its general fixed assets and, therefore, a Statement of General Fixed Assets is not presented in the accompanying combined financial statements as required by generally accepted accounting principles.

In our opinion, except as described in the second paragraph, the financial statements referred to above present fairly the financial position of the Boston Redevelopment Authority as of June 30, 1986 and the results of its operations and changes in fund balances and changes in agency funds for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Boston, Massachusetts
November 26, 1986

Coopers & Lybrand

BOSTON REDEVELOPMENT AUTHORITY

COMBINED BALANCE SHEET

June 30, 1986

ASSETS	General Fund	Agency Funds	General Long-Term Obligations Group of Accounts	Project Funds	Interfund Eliminations	Combined Total (Memorandum Only)
Cash and interest bearing deposits	\$ 1,636,210	\$ 103,063		\$ 4,358,345		\$ 6,097,618
Investments (Notes C and E)	3,585,259	3,263,139		15,236,250		22,084,648
Accounts receivable (net of allowance for bad debts of \$31,962)	7,324	(48,475)				(41,151)
Billed amounts due from federal, state and city	1,502,761	318,000		1,514,687		3,335,448
Unbilled amounts due from federal, state and city	222,331	210,402		3,311,480		3,744,213
Due from other funds	339,842			812,882	\$1,152,724	1,442,008
Other assets (Note H)	219,449	68		1,222,491		
Amounts to be provided for retirement of general long-term obligations			\$2,332,372			2,332,372
Total assets	\$7,513,176	\$3,846,197	\$2,332,372	\$26,456,135	\$1,152,724	\$38,995,156
LIABILITIES AND FUND BALANCES						
Accounts payable	2,195,900			1,114,180		2,195,900
Advances on contracts		1,152,724			1,152,724	1,114,180
Due to other funds		2,077		299,237		306,340
Retainage	5,026	98,010		1,203,904		2,847,210
Deposits (Note E)	1,545,296					
Accrued vacation, sick leave and retirement costs (Notes I and J)			2,332,372			2,332,372
Accrued liabilities	384,281					384,281
Other (Note G)				2,297,800		2,297,800
Long-term Debt (Note H)				884,074		884,074
Due to designated entities	570,363	2,593,386		63,556		3,227,305
Total liabilities	4,700,866	3,846,197	2,332,372	5,862,751	1,152,724	15,589,462
LIABILITIES AND FUND BALANCES						
Commitments and contingencies (Notes F and G)						
Fund balances:						
Designated for accrued vacation, sick leave and retirement costs	2,332,372			20,593,384		2,332,372
Designated for projects	479,938					20,593,384
Undesignated						479,938
Total fund balances	2,812,310			20,593,384		23,405,694
Total liabilities and fund balances	\$7,513,176	\$3,846,197	\$2,332,372	\$26,456,135	\$1,152,724	\$38,995,156

The accompanying notes are an integral part of the financial statements.

BOSTON REDEVELOPMENT AUTHORITY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, TRANSFERS
AND CHANGES IN FUND BALANCES

for the year ended June 30, 1986

	General Fund	Project Funds	Combined Total (Memorandum Only)
Revenues:			
Federal, state and city funding grants	\$3,855,918	\$ 8,427,674	\$12,283,592
Proceeds from disposition of development sites		8,494,437	8,494,437
Interest income	462,083	1,442,953	1,905,036
Other	289,175	14,609	303,784
Total revenues	4,607,176	18,379,673	22,986,849
Expenditures:			
Personnel	1,391,158	5,696,066	7,087,224
Fringe	438,818	916,718	1,355,536
Supplies and services	850,806	691,961	1,542,767
Contractual services	998,864	1,672,856	2,671,720
Capital outlays	-	6,414,108	6,414,108
Other	259,644	20,528	280,172
Total expenditures	3,939,290	15,412,237	19,351,527
Excess of revenues over expenditures	667,886	2,967,436	3,635,322
Operating transfers	250,568	(250,568)	-
Excess of revenues over expenditures and operating transfers	918,454	2,716,868	3,635,322
Fund equity, June 30, 1985	1,893,856	17,876,516	19,770,372
Fund equity, June 30, 1986	\$2,812,310	\$20,593,384	\$23,405,694

The accompanying notes are an integral part of the financial statements.

BOSTON REDEVELOPMENT AUTHORITY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

for the year ended June 30, 1986

	Balance, June 30, 1985	Additions	Deductions	Balance, June 30, 1986
ASSETS				
Cash	\$ 707,819			\$ 103,063
Investments	3,142,862	\$ 357,642	\$ 962,398	3,263,139
Accounts receivable	5,602	4,645,447	4,525,170	(48,475)
Billed amounts due from federal, state and city		1,156,700	1,210,777	
Unbilled amounts due from federal, state and city	121,918	318,000	121,918	318,000
Other assets	9,481	210,402	9,481	210,402
	<u>310,416</u>	<u>68</u>	<u>310,416</u>	<u>68</u>
Total assets	<u>\$4,298,098</u>	<u>\$6,688,259</u>	<u>\$7,140,160</u>	<u>\$3,846,197</u>
LIABILITIES				
Due to other funds	745,473			1,152,724
Retainage	-	407,251	-	2,077
Deposits	82,725	2,077	48,867	98,010
Due to designated entities	<u>3,469,900</u>	<u>64,152</u>	<u>923,591</u>	<u>2,593,386</u>
		47,077		
Total liabilities	<u>\$4,298,098</u>	<u>\$ 520,557</u>	<u>\$ 972,458</u>	<u>\$3,846,197</u>

The accompanying notes are an integral part of the financial statements.

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS

A. The Authority:

The Boston Redevelopment Authority (the "Authority") was established in 1958 pursuant to Chapter 121B, as amended, of the General Laws of Massachusetts to administer community development projects and to function as the planning agency of the City of Boston (the "City"). The Authority is governed by a five-member Board of Directors appointed for terms of five years.

The Authority is presently engaged in approximately 60 separate community development projects.

B. Summary of Significant Accounting Policies:

A summary of significant accounting policies employed in preparation of the combined financial statements follows.

Fund Accounting

Financial activities are recorded in the funds described below, each of which is deemed to be a separate accounting entity. The financial affairs and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses. As the Authority is not legally required to adopt budgets for the General and Project Funds, no comparison of budget versus actual results of operations have been presented in these combined financial statements.

General Fund

Transactions accounted for in the General Fund relate to revenues and expenditures not specifically restricted to development projects under terms of grant agreements or under restrictive terms of City of Boston capital borrowings. Planning funds received from the City and through grants are accounted for in the General Fund. The Authority has designated a portion of its General Fund balance to reflect the amount which must be funded in future years for accrued vacation, sick leave and retirement costs.

Project Funds

Transactions accounted for in the Project Funds relate to resources obtained and used for specific identifiable development activities classified as projects. Individual projects may receive funding from several sources including federal and state grants, City of Boston capital funds, other contracts, disposition proceeds and rental income. The Authority separately accounts for the revenues and expenditures under each funding source. For financial reporting purposes, projects have been combined and presented under a single heading.

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

Agency Funds

Resources received and held by the Authority as an agent for other entities are accounted for in Agency Funds. The resources include property management revenues and disposition proceeds which, in accordance with various agreements, must be paid to designated entities after deducting applicable expenses. Disposition proceeds are initially accounted for in the Project Funds and are transferred to the Agency Funds when the account payable, if any, to the designated entity is determined. In addition, certain UDAG agreements require the grant recipient to issue notes to the Authority which, in turn, must remit the payments to the City to be used for neighborhood development. These notes receivable are not presented in the financial statements. The receipts and subsequent disbursements to the City are recorded in Agency Funds. At June 30, 1986, the notes receivable are as follows:

Copley Place - U.D.A.G.	\$14,997,501
North End Community Development - U.D.A.G.	385,770
Teradyne - U.D.A.G.	4,500,000
Westland Ave. - U.D.A.G.	325,000

General Long-Term Obligations Group of Accounts

Unmatured long-term obligations of the Authority are accounted for in the General Long-Term Obligations Group of Accounts.

Basis of Accounting

The accounts of the Authority are maintained and reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations during the year. Interest income is recorded as earned. Rents are recorded as revenues as earned. Revenues from federal and state reimbursement type grants and City of Boston capital borrowings are recorded at the earlier of receipt or when the related eligible expenditures are incurred. Expenditures are recognized when obligations are incurred from receipt of goods and services.

Continued

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

Property

The Authority is the owner of numerous properties within the City of Boston. The accompanying financial statements do not include a general fixed asset group of accounts. Generally, properties are acquired in connection with specified renewal projects and, accordingly, the costs associated with the acquisition of properties are expensed as incurred. Use of the proceeds from the rental and ultimate disposition of the properties are restricted to allowable project costs, or they must be returned to the funding agency or the City. Expenditures for office equipment are expensed as incurred.

Vacation and Sick Pay

Employees earn vacations and sick leave as they provide services. They may accumulate (subject to certain limitations) unused vacation and sick leave earned and, upon retirement, termination or death may be compensated for accumulated unused vacation equal to twice their current allowable vacation. Sick leave accumulates at the rate of 1 1/4 days for each calendar month with no maximum limit. Upon termination, employees with fifteen or more years of service may receive in cash a portion of their accrued but unused sick leave in accordance with an established formula. In accordance with NCGA Statement 4, accumulated benefits which will not be liquidated with expendable available financial resources are recorded in the General Long-Term Obligations Group of Accounts.

Retirement Costs

Substantially all employees participate in the contributory State-Boston Retirement System. In accordance with the Laws of The Commonwealth of Massachusetts, retirement costs are funded on a "pay-as-you-go" basis (estimated retirement benefits to be paid in excess of employees' contributions and earnings thereon). The Authority is annually assessed its proportionate share of the retirement costs of the State Boston Retirement System by the City of Boston. Pension expense is provided for in the financial statements based upon an actuarial determination that includes amortization of unfunded benefits. (See Notes I and J.)

Continued

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

Unbilled Accounts Receivable

Unbilled accounts receivable arise from certain Authority activities. Unbilled receivables are recorded for expenses incurred which are reimbursable under specific grants and not yet billed. Retainage withheld from payments on construction and engineering contracts are not reimbursable by grant funding sources until paid and, therefore, these amounts are recorded as unbilled receivables. Liabilities for land taking are recorded when they become estimable and, if reimbursable under grants, unbilled receivables are recorded. Unbilled accounts receivables may not be billed and collected within one year.

C. Investments:

The Authority holds in investments: funds received in connection with close-out agreements with the U.S. Department of Housing and Urban Development, deposits placed with the Authority by developers (see Note E), and funds required to be held in investments under contractual agreements. Investments as of June 30, 1986 consist of:

<u>Type</u>	<u>Carrying Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
Daily Money Market	\$ 803,458	6.3%	
Certificates of Deposit	10,178,507	6.7% to 8.1%	7/14/86 to 2/18/87
U.S. Government and Agency Issues	1,775,000	12.75%	5/15/02
Corporate Debt Securities	<u>9,327,683</u>	8.2% to 12.75%	7/2/86 to 8/1/86
	<u>\$22,084,648</u>		

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

D. Related Party Transactions:

City of Boston

During the year ended June 30, 1986, the City provided resources of approximately \$11.3 million to the BRA, as follows:

	1986 (in thousands)
Urban Development Action Grants (UDAG)	\$ 2,774
City planning appropriations	3,811
City capital appropriations	2,484
Community Development Block Grants (CDBG)	1,635
Other Federal and State	567
City public works and other	<u>63</u>
	<u>\$11,334</u>

The City of Boston also provides office facilities to the Authority at no charge.

E. Deposits:

A portion of the investments held in the General Fund at June 30, 1986 relate to development deposits placed with the Authority in connection with specific capital projects or development properties. Such deposits are generally subject to escrow agreements and, accordingly, have been credited to the deposit account on the balance sheet.

F. Commitments:

At June 30, 1986, the Authority was committed under construction contracts for various funded projects in the aggregate amount of \$7,820,759.

G. Contingencies:

By virtue of the nature of the Authority's operations and its size, the Authority is involved in lawsuits concerning routine contract matters and public liability tort actions, the majority of which are covered by Contractors, Homeowners, Landlords and Tenants Liability insurance policies. In addition, the Authority is involved in land damage cases resulting from the acquisition of properties as a result of exercising its powers of eminent domain.

Continued

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

The Authority receives various grants from federal, state, city and other agencies which must be expended in compliance with the terms and conditions of the grants. These expenditures are subject to audit by the grantor agency and any disallowed expenditures could become either a reduction of future grants or a liability. However, the Authority has never had any material audit exceptions and believes none will result from existing programs.

Based on information supplied by the Authority's Counsel, the accompanying financial statements include estimates of probable future liabilities relating to the aforementioned law suits, and unbilled accounts receivable have been recorded to allow for reimbursable costs in accordance with grant agreements.

H. Other Assets:

In connection with the Charlestown Navy Yard redevelopment project, the Authority was advanced \$1,740,000 by the developer to fund the acquisition of certain property in return for a note collateralized by a mortgage on the acquired property. The note will be repaid by the transfer of the property to the developer as the developer completes certain specified property improvements. At June 30, 1986, the net amount was \$884,074.

I. Changes in General Long-Term Obligations Group of Accounts:

Net changes in the General Long-Term Obligations Group of Accounts for the year ended June 30, 1986 are as follows:

Increase in accrued vacation and sick leave	\$ 23,269
Provision for accrued retirement costs in excess of amount to be funded currently	<u>414,847</u>
	<u>\$438,116</u>

Continued

BOSTON REDEVELOPMENT AUTHORITY

NOTES TO COMBINED FINANCIAL STATEMENTS, Continued

J. Retirement Costs:

The provision for costs associated with the Authority's participation in the State-Boston Retirement System for the year ended June 30, 1986 amounted to \$1,541,000, which includes amortization over forty years of The Authority's unfunded actuarial accrued liability. The Authority makes annual contributions based upon a "pay-as-you-go" assessment. Following is a comparison of accumulated plan benefits and plan net assets as of June 30, 1986:

Actuarial present value of accumulated
plan benefits:

Vested	\$12,370,000
Non-vested	<u>559,000</u>
	<u>\$12,929,000</u>
Net assets available for plan benefits	<u>\$ 4,705,000</u>

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 10%.

